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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 12 1951

NOTE:

1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments



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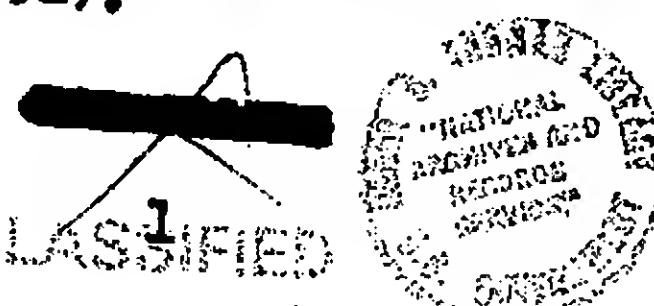
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SECTION I (SOVIET)

1.3(a)(4)

"A"

Soviet-Sponsored World Organization Reportedly Being Organized. The Peripheral Reporting Unit in Vienna reports the receipt of further evidence that the Soviet orbit is actively considering the formation of a Soviet-sponsored United Nations type organization. According to a former official of the Czech National Bank who fled Czechoslovakia to avoid arrest in connection with the Clementis affair, the "world organization" apparently has proceeded far beyond the planning stage. A Soviet national named Oleshchuk is reported to have been in Prague to discuss details and methods for forming the new "peace" organization with Czech authorities. As supporting evidence the Peripheral Reporting Unit draws attention to the current Cominform Journal commenting on the "measureless significance" of decisions of the recent World Peace Council meeting in Berlin. (C Vienna 1974, 9 Mar 51). COMMENT: No reports have been received of the actual setting-up of a new Soviet-sponsored "world organization"; nor have reports been received of formal organizational structure of the World Peace Council, although it claims to represent more people than the UN. Oleshchuk was reported to have made the unusual statement in Moscow 27 Feb that "if the UN did not respond to the representations of the delegation of the World Council of Peace, the Soviet Union would have no alternative but to leave the UN." The two principal resolutions of the WPC are an appeal for the conclusion of a peace pact between the five Great Powers and a demand that the UN "return to the role assigned to it by the Charter." F.N. Oleshchuk so far has not been identified since 1947, when he was Deputy Chief of the Propaganda and Agitation Administration of the Central Committee of the Communist Party. (See OCI Daily Summary, 7 Mar 51).

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EASTERN EUROPE. CZECHOSLOVAKIA. Archbishop Beran Fined and Exiled from Praha. According to an official Praha radio announcement on 10 March, Archbishop Joseph Beran, Roman Catholic Primate of Czechoslovakia, has been banished from the city, fined an undisclosed amount by the appropriate administrative organs, and placed "under confinement" in the country for having displayed a "negative attitude toward the church laws." The broadcast concluded with the announcement that Canon Antonin Stehlik has been elected by the Metropolitan Capitular of St. Vitus to be Capitular Vicar of the Archdiocese of Praha. (U NYT, 11 Mar 51). COMMENT: The Communist regime is now one step closer to its goal of complete control over the Roman Catholic Church and its hierarchy in Czechoslovakia. Since the action taken by the State against Beran is in effect the carrying out of a sentence, it is likely that he has already been tried in camera and that no public trial similar to that of Cardinal Mindszenty of Hungary is contemplated in the near future by the Czechoslovak regime. Stehlik has been described as a patriotic priest having a positive attitude toward the State. Although Stehlik might be installed as the Archbishop of Praha, Beran will remain Primate of Czechoslovakia in the minds of Czechoslovakia's approximately 9,000,000 Roman Catholics.

"B" Another Diplomat Defects. According to a "completely reliable" report reaching the US Legation in Switzerland, Jiri Brotan, First Secretary of the Czechoslovak Legation in Berne and former private secretary to Clementis, defected 28 February. Brotan allegedly told an Iranian counselor official that his Czechoslovak colleagues had demanded his return to Praha and threatened him if he refused. The Swiss Government, however, has granted him the right of political asylum. (C Berne 1284, 8 Mar 51).

"B" HUNGARY. Young, Recently Trained Communists Encroaching on Territory of Old-Line Communists. The composition of the Central Committee and Politburo elected at the Second Congress of the Hungarian Workers Party (Communist) reveals that young post-1948 graduates of the Party schools are acquiring a growing influence. Half of the new members of the Central Committee are young activists. (S Budapest 2462, 10 Mar 51). COMMENT: This is the first large scale incidence of a trend which has been developing since the Communists seized control of the Hungarian Government in 1947. The supplanting of pre-war Communists who had been associated with the Comintern, who had spent time in Western Europe or who had other causes for nationalist or internationalist feelings, by ardent, young Communists who owe their present position to the Soviet Union is one of the methods the USSR uses to secure its control of the Satellites.

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SECTION 2 (EASTERN)

TURKEY. Turkish Cabinet Promptly Reformed. A new Turkish Cabinet was approved on 9 March, following the resignation of the old one on 8 March. Menderes returned as Prime Minister. All the former Cabinet members were retained except for Minister of State Karaosmanoglu, Minister of Economy and Commerce Velibese, and Minister of Agriculture Iyrijoz. (R Ankara 537, 8 Mar 51). COMMENT: This reshuffle, carried out without confusion, did not prejudice Turkey's stand on basic national and international issues (OCI Daily Summary, 9 Mar 51). Cabinet friction was largely responsible for the shift. Menderes has been criticized for heading both the government and the Democratic Party, and it is expected that Karaosmanoglu, now relieved of his Cabinet Post, will take over as head of the Party.

"B" SYRIA. Cabinet Crisis. The Iraqi radio, which earlier reported the fall of the Qudsi Government, states that the Syrian cabinet crisis is still acute. Qudsi is reportedly tired of the heavy burdens of the premiership and is determined to resign despite President Atassi's alleged efforts urging him to withdraw his resignation. US Legation Damascus suggests that the crisis resulted from a stormy cabinet reaction to Army interference in the Government's business and stresses the following major points of conflict: 1) The Army opposes a draft bill which would transfer full control of the gendarmerie from the Ministry of Defense to the Ministry of the Interior, thus abolishing the dual control which has existed heretofore; 2) Fearing that Syria might alienate France, which is Syria's only source of arms, the Army has objected to Government support of the Arab League resolutions condemning French actions in Morocco; and 3) Senior Army officers are dissatisfied with Qudsi's equivocal policy vis-a-vis the East-West conflict and favor closer alignment with the West. (R FBID Ticker, 11 Mar 51; C Damascus 444, 10 Mar 51; U NYT Damascus, 10 Mar 51). COMMENT: Though based on incomplete reports, the Legation's conjecture that the Army is ultimately responsible for the cabinet crisis is highly plausible. Lt. Col. Adib Shishakli, the Deputy Chief of Staff, and Akram Hawrani, leader of the Arab Socialist Party, have been actively working to bring about the downfall of Qudsi's Populist Government. (See OCI Daily 19 Feb 51; 9 and 10 Mar 51). An unconfirmed report from radio Bagdad states that President Atassi has asked former Premier Khalid al-Azm to try to form a new cabinet. Though al-Azm, who maintains close relations with Atassi, would be a logical first choice, there is doubt that he would willingly serve Army interests to the extent desired by Shishakli.

"B" IRAN. Shah Appoints Hussein Ala New Premier. Press reports from Tehran state that the Shah has appointed Hussein Ala, former Iranian Ambassador to the US and now Minister of Court, Iran's new Premier. Although he at first refused the post, Ala is now reported to have accepted the position. His appointment has been confirmed unanimously by the Senate. (U NYT, 11 Mar 51).

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COMMENT: Veteran diplomat Hussein Ala gained national acclaim in 1946 when as Foreign Minister, he championed Iran against the Soviet Union before the UN Security Council during the struggle over the fate of Iran's Azerbaijan Province. Ala is not in good health. He may also not be strong enough to overcome political exploitation by the National Front and other affiliated groups of the crucial issue of oil nationalization. He is known to be loyal to the royal family, however, has a long record of opposition to Soviet aggression and, through his long tenure as Ambassador to the US, has an unusual understanding of US policy and procedures. He will probably support a program of governmental and economic reform and the acceptance of US aid in order to carry out current plans for the country's economic development. He will undoubtedly attempt to persuade the Anglo-Iranian Oil Company to alter its terms in favor of Iran. His success in effecting reforms, and indeed in staying in office, unquestionably will depend almost wholly on his handling of the explosive oil issue.

1, 3(a)(3)

B* THAILAND: Analysis of Viet Minh propaganda attacks. US Embassy, Bangkok advances four possible alternative explanations for the Viet Minh's use of ex-Premier Pridi's name in its recent intensified propaganda campaign against the Phibun regime in Thailand: (A) Pridi is actually cooperating with the Communists, (B) the Communists are seeking to capture the imagination of Pridi's followers, (C) the Communists are attempting to forestall a Pridi-Phibun rapprochement and (D) the Communists wish to prevent Pridi's return to power without their support. The Embassy also suggests that Viet Minh accusations of aggressive Thai moves on the Laos border may indicate an effort to justify a Communist seizure of Laos, with

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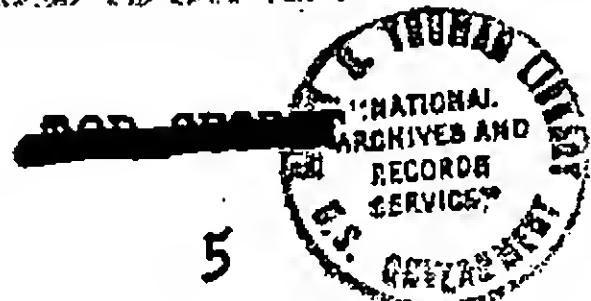
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the subsequent intention of invading Thailand. (C Bangkok 1379, 10 Mar 51).
COMMENT: Viet Minh anti-Phibun propaganda closely follows that of the Chinese Communists, in which the main line characterizes Phibun as a US stooge converting Thailand into a military base for "imperialist" attacks on Vietnam and China. The chief objective of this propaganda campaign appears to be the laying of the groundwork for increasing Communist pressure on Thailand, which might possibly include the use of both internal or external force. Creation of at least the illusion of Thai participation in such a pressure program especially one including violence is highly desirable and the use of Pridi's name willy-nilly is an effective means to this end.

"A" MALAYA. Peiping "investigation" party plans visit. HSIUNG Ching-ting, Chairman of the Peiping Government's "Chinese People's Relief Committee for Overseas Chinese Refugees in Malaya," has cabled Prime Minister Attlee requesting his authorization of visas for an investigation party which wishes to conduct an on-the-spot inspection of the treatment of Chinese in Malaya. (R FBIS, 9 Mar 51). COMMENT: Peiping's latest propaganda offensive against the British in Malaya has largely concentrated on claims of "persecution of Overseas Chinese" in the Colony. UK Colonial Secretary Griffith has taken the position that such "evident untruths" should not be honored with any special attention and that, far from being persecuted, the Chinese in Malaya are being protected by the Government from the violence of the Malayan Communists. Although the British probably will refuse visas, such action in itself will provide added fuel for Peiping's propaganda.

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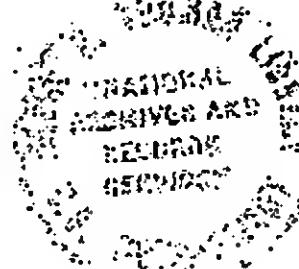
KOREA. Anti-communist guerrilla operations in North. A "qualified" source in Tokyo predicts that anti-communist guerrilla activities in North Korea will reach significant proportions before June. The source supported his thesis by adding that Communist practices of confiscating grain for military use in food-short North Korea will actively alienate many peasants. (R FBIS, 10 Mar 51). COMMENT: There is already evidence of an internal security problem in North Korea, particularly in the western province of Hwanghae. No reports have been received of peasant uprisings, but such activity can be viewed as "probable".

"C" Disease problem in north. US 8th Army medical and intelligence officers denied that a typhus epidemic was raging in North Korea. The existence of bubonic plague was similarly characterized as a rumor. (R FBIS, 9 Mar 51). COMMENT: Although a fairly high incidence of disease is known to exist among Communist troops in northeast Korea, there is no evidence that the disease has reached epidemic proportions.

"C" JAPAN. Fishing craft seized in East China Sea. The seizure of two more Japanese fishing boats in the East China Sea was reported on 10 March on the basis of a radio message from one of the boats. The message stated that the vessel was "being chased" in an area 150 miles southwest of the Ome Islands, and that its sister ship had already been captured. One Japanese boat was seized and another fired upon in the same area on 8 March. (R FBIS, 10 March 51). COMMENT: If locations are accurate, these boats were operating midway between Kyushu and the China mainland, in waters well within the "MacArthur line."

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SECTION 3 (WESTERN)

1.3(a)(4)

"B" Right-Wing Socialists May Leave Government to
Unitary Socialists. Right Wing Socialist Party (PSI) is
reportedly about to leave the De Gasperi Cabinet in order to merge
with the Unitary Socialist (PSU) opposition party, which has
insisted that no merger could be contemplated unless the PSI quit
the Government. The agreement was said to have been concluded between
Right-Wing Socialist leader Saragat, and Romita, one of the leaders
of the Unitary Socialists. The PSU reportedly agreed, for its part,
that the new unified party would support the Atlantic Pact, previously
under criticism by the PSU. A member of the PSI has told US repre-
sentatives that Romita's unification project, opposed by a minority
group in the PSU, might well lead to a split in the party. The
question of collaboration will undoubtedly be debated at the PSI
national convention, scheduled for 21 March-3 April. (C Rome 3963,
10 Mar 51; U New York Times, 12 Mar 51). COMMENT: Such a move by
the PSI would displease De Gasperi, who is anxious to maintain the
fiction of a broadly-based cabinet by retaining the three PSI
representatives. Both the right and left wings of the Christian Democratic
Party, however, have long urged that the Christian Democrats, who now
dominate the Cabinet, make it a single-party group. A merger of the
PSI with the PSU might militate against the formation of a strong
worker's movement such as is contemplated by PSU leader Silone and
PCI defectors Magnani and Cucchi to compete with the Italian Com-
munist Party. Many anti-Stalinist Communists would suspect the true
Marxism of the PSI, which has been ineffectual in supporting the
workers' aims during its participation in the Cabinet.

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"SWITZERLAND. Swiss to Establish Atomic Research Center. About twenty industrial organizations throughout Switzerland are providing the necessary funds to establish a new physics institute in Geneva the latter part of 1951. This center will do research in the three main fields of physics: nuclear magnetism, nuclear energy, and electronic microscope work. (R, FBIS, 9 Mar 51). COMMENT: There are thus far no indications that the Swiss intend to embark on any atomic weapons program, but will probably devote their main efforts to the development of nuclear energy for application to industrial uses. For some time the Swiss have been concerned that the application of the results of nuclear research to industrial uses in other countries will leave them far behind industrially. The Swiss are reported to have approached Spain and Portugal within the last year for uranium supplies. There is a possibility that the Belgians might furnish the necessary uranium as one of the conditions of the recent Swiss loan to Belgium.

1,3(a)(3)

"C" MALTA. Continuing Political Impasse Necessitates New Elections. The failure of Prime Minister Borg to form a coalition government, following the 15 January parliamentary defeat of his minority Nationalist Government, necessitates the holding of new elections, probably in April. (U, Valetta Desp 68, 13 Feb 51). COMMENT: The chronic economic difficulties of this internally self-governing British colony, whose main source of income comes from the Royal Navy dockyards, are responsible for a continuing political instability that has been a minor headache to the UK for the past 18 months. In the summer of 1949 the Malta Labor Party, which then controlled the Government, split into two groups of approximately equal strength on the question

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of the adequacy of British economic assistance to Malta. Since then, and especially since the elections of September 1950 put a minority government in power, it has been impossible to enact any program to meet the economic crisis, and no real change in the situation is expected from new elections. The UK Government holds that it has already given Malta all the direct economic aid which the British budget will stand and which Malta as a self-governing territory has a right to expect.

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